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BEFORE THE  
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Proposed Rulemaking to Amend  
Part 255 of the DOT's Regulations  
(CRS Regulations)

Docket OST 97-2881-40

COMMENTS OF MIDWEST EXPRESS AIRLINES, INC.

Communications with respect to this document may be served upon:

Timothy E. Hoeksema  
Chairman, President &  
Chief Executive Officer  
**MIDWEST EXPRESS AIRLINES, INC.**  
6744 South Howell Avenue  
Oak Creek, Wisconsin 53154

Robert P. Silverberg  
BAGILEO, SILVERBERG &  
GOLDMAN, L.L.P.  
1101 30th Street, N.W.  
Suite 120  
Washington, D.C. 20007  
(202) 944-3300

Attorneys for  
**MIDWEST EXPRESS AIRLINES, INC.**

Dated: December 9, 1997

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COMMENTS OF MIDWEST EXPRESS AIRLINES, INC.

In the almost twenty years since the passage of the Airline Deregulation Act of 1978, the character of the air transport industry has been transformed from that of a quasi-utility to a fully competitive industry. Without exaggeration, Midwest Express Airlines, Inc. ("Midwest Express") owes its very existence to the foresight of the Congress when it passed the Deregulation Act making possible its easy entry into the air transportation business. On the other hand, Midwest Express owes its financial and marketing success to its managerial competence and business acumen. However, all the sophisticated planning and pin point execution of well-formed business plans is not sufficient for carriers the size of Midwest Express to succeed in the marketplace.<sup>1/</sup> Hence, it remains necessary for the Department of Transportation to continue to exercise its statutory responsibility to prevent unfair methods of competition and unfair and deceptive practices when they are observed or the potential for such illegal activity is deemed real. Such is the case with respect to the

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<sup>1/</sup> While Midwest Express is proud of its record of steady growth and profitability, its total traffic represented but .5% of total U.S. passenger traffic for 1996.

Department's critical rules defining appropriate competitive behavior on the part of computer reservation systems ("CRS") owners. Without the adoption of the rules by the Civil Aeronautics Board and their recodification by the DOT, the industry landscape would surely look different today.

Clearly, system owners have felt constrained by the DOT's CRS rules and have had to moderate their respective conduct as a result. The almost never ending effort on the part of system owners to evade the strictures of the CRS rules has been the hallmark of owner behavior over the years of CRS regulation. From the attempted imposition of parity clauses to the distribution of rebiasing software, to the subtle, and not so subtle, use of display bias to favor the owners, the non-system owners and the DOT have had to exercise great diligence to ensure that system owners did not, or were not permitted to, circumvent the intent of the CRS rules. Indeed, the strenuous efforts on the part of system owners to avoid the regulations over the years may be the best evidence of the need for the continuation of the CRS rules. Just as clearly, the non-system owners have benefitted by the rules as their ability to market their services to the traveling public through the critical travel agency distribution network has been enhanced by virtue of the limits placed on CRS owners by the Department's rules.

This important rulemaking proceeding asks whether changes in the industry since the 1992 adoption of the current rules, as amended, warrant re-adoption of the rules and, if so, with what

modifications are necessary to account for recent developments in the industry. The position of Midwest Express is easily stated -- **the CRS rules are fundamental to a sound air transport industry and must be reconfirmed in this rulemaking proceeding with certain necessary modifications.** Midwest Express' comments will respond to the Department's questions regarding the impact of recent developments in airline marketing practices and will demonstrate that the advent of such devices and services as the Internet and electronic ticketing has not altered in the least the fundamental need for the CRS rules. If anything, these newer technologies may well be cited as justification for renewal of the rules in a strengthened form where necessary. Midwest Express now turns to the DOT's compendium of issues to which it sought interested commentators would address.

**I. SHOULD THE CRS RULES BE CONTINUED?**

Without a doubt, the current rules should be continued except as for needed modifications as addressed below. The rules continue to serve an essential purpose as the DOT correctly assumes in posing the first of its fifteen questions. Indeed, the burden should be on system owners to demonstrate that the rules are no longer needed to ensure a competitive industry before the Department should dispense with them.

Does anyone seriously think that system owners would not revert to rebiasing the computer displays to favor their airline

affiliates but for the imposition of the CRS rules?<sup>2/</sup> Would system owners willingly allow third party providers of software to make it available to travel agents? And would contractual devices tying subscribers to long term contracts for CRS hardware and software not be reimposed in the absence of the rules? The answer to all of these questions is obvious. And more recently, but for the Department's exercise of its authority, Sabre would be insisting on enforcement of the contractual parity clause and Apollo would continue to unfairly rank single-plane one-stop service below connecting flights.

The number of major CRS system providers remains at four and the configuration of the industry has not materially changed since 1992 when the CRS rules were last reauthorized. So too has the dependence of non-system owners on CRS providers remained the same. Midwest Express continues to find it essential to the marketing of its product to participate in each of the four major CRS systems despite the increasing cost of doing so. The percentage of bookings by Midwest Express utilizing each of the four systems is shown in Exhibit 1 for the years 1995 through the first eleven months of 1997. Midwest Express remains very dependent on each of the four systems to distribute its product to travel agents that

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<sup>2/</sup> The fact that one system owner, AMR, has sold twenty percent of the Sabre Group to the public does not alter the incentive for AMR and other owners to bias their computer displays to favor their airline affiliates. Certainly American Airlines and Sabre vigorously defended themselves against the DOT's enforcement complaint (in Docket OST-95-430) against Sabre's practice of distributing software that causes American's flights to be given an illegal preferential display position.

continue to be responsible for the sale of 80% of all Midwest Express travel.<sup>3/</sup> Note that travel agent sales by Midwest Express exceeds the industry average of 70%.

However, the high rate of CRS dependence by Midwest Express and other carriers is not alone justification for the continuation of the DOT rules. Other critical factors which support continued regulation are that each of the major four CRS operators continue to be affiliated with one or more of the major U.S. air carriers, each of which have achieved hub dominance in one or more airports and in one or more regions of the country.<sup>4/</sup> It also remains true that travel agents make airline bookings almost exclusively through CRS systems and that they generally subscribe to only one system to reduce their exposure to equipment fees or otherwise to take advantage of incentives offered by the CRS system and/or its affiliated carrier or carriers. In addition, travel agents tend to subscribe to the CRS system based on the identity of the carrier that has a major presence in the region in which the travel agent is located. Hence, Sabre is the primary provider of CRS systems to Dallas-based agents (where American operates a hub) and Worldspan achieves dominance in Minneapolis, a Northwest hub, to give just two examples.

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<sup>3/</sup> The categories of purchasers using travel agents include those passengers who make their booking with a travel agent plus those passengers who book directly with Midwest Express but are ticketed by a travel agent.

<sup>4/</sup> Sabre, the largest CRS operator is affiliated with American; Apollo, second in size to Sabre, is affiliated with United and US Airways; Worldspan is affiliated with Delta, Northwest and TWA; and System One is affiliated with Continental.

Midwest Express' ability to sell its services in Dallas (Midwest Express provides nonstop service between Milwaukee and DFW) is highly dependent on its participation in Sabre. Likewise, Midwest Express must participate in the other CRS systems each of which has strengths in certain cities and regions which Midwest Express serves or otherwise derives traffic support. If Midwest Express did not participate in System One, for example, a System One agent would be compelled to place a telephone call to Midwest Express reservations to obtain a booking. Given the time pressures on travel agents to complete a booking, it is unlikely an agent would offer to book Midwest Express under these circumstances, unless the customer insisted. The loss of even a single booking is magnified in the airline industry since with high fixed costs, air carriers are dependent on the generation of marginal revenues on which their profits are based. Consequently, the loss of even a few sales because of a more laborious distribution method from that offered by CRS systems, must be avoided even if the cost of CRS participation is high and is above the cost of providing the service.

In addition to these economic factors, The DOT has recognized the high capital cost of entry into the CRS market and that smaller carriers lack the capital resources necessary to do so. Further, unless the carrier seeking to enter the market itself dominates one or more region, it would find it difficult, if not impossible, to displace other long-established CRS providers. Non CRS-affiliated regional carriers simply lack sufficient regional dominance to

obtain a reasonable market share even assuming a regional carrier could afford to develop a CRS system.

These facts, therefore, compel the following conclusions all of which have been recently validated by the DOT. First, non-system owners lack adequate negotiating leverage with systems to control the level of CRS booking fees. Second, CRS systems have an incentive to manipulate screen displays to favor their affiliated carriers. Third, the number of CRS system providers has not increased since 1992 when the Big Four were in a dominant position and travel agent sales of air transportation remains high -- at 70% -- making air carrier dependence on this aspect of the distribution chain as great as ever. A developing alternative booking method -- the Internet -- currently accounts for just .5% of all CRS bookings on Midwest Express and those that are made are processed through a CRS system which is utilized as the booking engine. In short, the structural aspects of the market for CRS services have not changed to justify elimination or moderation of the CRS rules. Indeed, within the last 40 days, the DOT twice saw a need to stiffen the rules to control the unfair exercise of market power by CRS owners. See, Parity Chase Rulemaking 63 Fed. Reg. 59784, November 5, 1997; Display Bias Rulemaking 62 Fed. Reg. 63937, December 3, 1997. Midwest Express is confident that in the course of DOT's ongoing investigation of CRS business and airline marketing practices (See Order 94-9-35) the factual underpinnings for the CRS rules will once again be verified and will be found consistent with the experience of Midwest Express.



Apart from the question of the need for the continuation of the rules, the Department asked for what period of time the rules should be renewed? The position of Midwest Express is necessarily arbitrary but a five year renewal period would appear appropriate. This five year period would take account of the considerable expense of each Department review of the rules and the resources the DOT and industry must expend to participate in the process. In addition, a five year term gives the industry the certainty it requires to make decisions regarding capital investments and the marketing of its products.

Of course, circumstances may change as technology develops or marketing practices may change requiring a different regulatory approach. As has been the case in the prior five year period, the Department has the necessary authority to amend or modify its rules to take account of any changed circumstances even during the period of renewed effectiveness. Finally, Midwest Express would observe that the technological changes about which the DOT is particularly interested in -- the Internet and electronic ticketing -- have already impacted the industry and any further development of these technologies will likely be evolutionary and not revolutionary and, therefore, a five year term for the CRS rules will not likely pose a major risk for the Department or the industry.

## **II. HAVE THE CRS RULES BEEN EFFECTIVE?**

The question posed by the Department whether the CRS rules have been effective can be answered in two different ways. First, as noted above, the rules have, without a doubt, caused the system

owners to moderate their conduct and as a result the air transport industry is more competitive than it otherwise would be without the rules. It is undeniable that had system owners been permitted to manipulate their computers as they had demonstrated a willingness to do by biasing computer displays, they would have unfairly deprived non-system owners of significant levels of traffic. This traffic shift would likely have been the difference between profits and losses for competing carriers and, consequently, the industry would have been even more concentrated than it is today with a handful of major carriers and a small number of national carriers struggling to maintain profitability. But for the imposition of the DOT rules, there were no market forces at work which would have permitted non-system owners to overcome the financial and marketing advantages enjoyed by CRS owners.

This view of the CRS rules is taken from the vantage point of the optimist. But, perhaps, the Department is asking the question whether the rules are adequate to prevent system owner abuse of their commanding position in the air transportation distribution chain. The pessimist would answer this question in the negative. The CRS rules have in certain respects failed to preclude system owners from abusing their market positions. For example, the DOT has expressly refrained from engaging in regulating the reasonableness of CRS fees. This historic DOT position is puzzling since the Department repeatedly has found system owners to enjoy market power and yet have refused to regulate the most obvious manifestation of this power -- the ability to extract monopoly

rents in the form of booking fees from participating carriers. In other words, the DOT's rules attack only one half of the documented problem and lack internal logic. It is insufficient simply to note, as has the Department in the past, that rate regulation is difficult to accomplish. The DOT's own studies show that booking fees paid by participating carriers are approximately twice the CRS systems' average costs of providing the booking service.<sup>5/</sup>

With this empirical data at hand it is at best, illogical, and at worst an abuse of the DOT's discretion, not to act to regulate fees known by the Department to be excessive. Midwest Express, therefore, urges that the Department's ongoing CRS study to focus on the fee issue to update its data base and report back to the industry. If the prior findings of excessive fees are still valid, the Department must be prepared to tackle the issue no matter what workload it may impose on its staff. If CRS booking fees are deemed excessive but remain unregulated the Department can expect to continue to see the transfer of substantial sums (in the hundreds of millions of dollars) from participating carriers to system owners. This transfer of wealth would solely be the product of system owner market power. In this context, requiring system owners to relate fees to their cost of providing the service is a modest step and one which the Department must consider if it finds, as it will, that system owners abuse their market power in setting and charging booking fees to captive participating carriers.

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<sup>5/</sup> DOT, Study of Computer Reservations Systems (1988).

To further support this Midwest Express call for rate regulation, Exhibit 2 of these Comments compares, for the years 1993 through 1997, passenger bookings and Midwest Express' CRS fees. In every year except one, the carrier's booking fees increased at a faster rate than its passenger traffic. And these fee increases were absorbed by Midwest Express without any appreciable change in CRS functionality. It should be obvious to the Department that CRS' have not been and are not cost-based and the DOT is bound by the statute to address this fundamental issue just as vigorously as it attacks the pernicious practice of display bias.

While Midwest Express would never argue for the return of the regulation of fares in the competitive field of interstate air transportation, there are no valid reasons for the DOT to automatically resist CRS booking fee oversight. Indeed, based on the data available to the Department, the need to engage in this process is compelling. While the DOT may fear the possibility of time consuming and difficult adjudications of the reasonableness of CRS fees, such fears may be overstated. What is most likely to occur is that after a handful of cases are decided by the Department and the industry learns of the DOT's reasoning as to what constitutes unreasonable charges, the number of challenges will subside (even assuming a burst of cases upon adoption of any rule of CRS rate reasonableness) and the DOT's fears of expanded workloads or difficulty in determining reasonableness will be proven unfounded.

### III. HOW SHOULD THE CRS RULES BE MODIFIED?

Apart from the need to regulate the level of CRS booking fees, the DOT should consider the following CRS rule changes:

- The CRS rules should be modified to control Internet schedule displays and to protect participating carrier inventory from spoilage and the imposition of nonproductive booking fees.
- Passive bookings and other abusive booking practices must be prohibited as well as the travel agent incentive programs that are at the root of these improper booking practices.
- Preferred carrier agreements deprive the traveling public of unbiased travel agent information and must be controlled.

These proposed rule changes are discussed in turn below:

#### A. The Internet

The Internet revolution is impacting air transport just as it is being felt in other fields of endeavor. Consumers who are technologically inclined are in greater numbers utilizing Internet services to review their travel options and to make their bookings.<sup>6/</sup> The ability to make travel plans at any time from any location where the consumer can connect a computer to a telephone line will be a great advantage to the traveling public and the airline industry. Midwest Express encourages the growth of any technology that makes the travel experience for the consumer more convenient and easy. Like most carriers, Midwest Express has its own web site and displays thereon not only basic information about

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<sup>6/</sup> However, the absolute number of bookings and ticket sales made through the Internet remains quite small at 1% as estimated by Forrester Research, Inc.

the carrier but its schedules and fares as well. Starting the week of December 15, 1997, consumers will be able to book and arrange payment for their travel on Midwest Express by going through its web site.<sup>2/</sup>

However, the advent of the Internet is not without its problems for participating airlines. Among the noted difficulties are these:

- Consumers are not made aware that the carrier schedule displays may be biased thereby leading to imperfect consumer decisions.
- Consumers are not aware of or should be expected to be concerned about the cost impact on participating carriers of frequent reservation changes or failures to cancel unused bookings.
- Participating carriers cannot opt out of CRS booking services offered through the Internet without participating at the highest level of functionality.

The current CRS rules limiting display basis (as amended on December 3, 1997 for effectiveness February 2, 1998) only require adherence to § 255.4 of the DOT's rules when integrated systems are made available to subscribers which are defined as ticket agents (as defined in 49 U.S.C. § 1301(40)) that hold themselves out as neutral sources of air travel information and ticketing services. CRS owners can and do make their computer data bases available to Internet firms that make airline schedules and fare information available to the public and offer booking services. However, there is nothing in the current rules which prohibits such Internet sites

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<sup>2/</sup> Midwest Express does not propose that booking sites contained within an airlines' own web pages be subject to the anti-bias display rules of Section 255.4 as urged in these comments.

from offering biased information that favors one or more carriers. Indeed, alliances have been formed linking CRS owners with major Internet concerns such as Worldspan's partnership with Microsoft to form Expedia. And Sabre sponsors the popular Travelocity site. It is inevitable that as these Internet sites become easier to use they will account for an ever increasing number of booking transactions. To the extent this will occur, the DOT must be concerned with the reintroduction of biased airline schedule information which, in this case, is going directly to the consumer.

While the objective of the CRS rules is to maintain a competitive balance between carriers owning or affiliated with CRS systems and other participating carriers, the ultimate beneficiary of the CRS rules is the traveling public which is assured that their travel decision will be based on as perfect (i.e. unbiased) information as is possible. Internet sites displaying unfairly biased information to favor a CRS owner or other carrier affiliated with the Internet site provider will lessen the ability of the consumer to make travel plans on reasonably unbiased schedule and fare information. This growing problem must be addressed by the DOT in this rulemaking proceeding by modifying section 255.4 to impose the anti-bias rules on CRS systems that make their services available, directly or indirectly, to consumers via the Internet.

In proposing this amendment, Midwest Express appreciates the differences between the travel agent flight selection process and means by which consumers make decisions using Internet sites as suggested in the rulemaking notice. 62 Fed. Reg. 47610. The

differences highlighted by the DOT are the ability of the consumer to directly view the schedule displays; the fact that Internet displays are not held out as unbiased; the difficulty of travel agents in consulting more than one CRS system; and the time pressures on travel agents to complete a transaction.

Midwest Express does not agree that these differences are real or, even if it could be demonstrated, that they undercut the justification for regulation of display bias of Internet sites. First, the fact that Internet consumers can see the schedule display as opposed to relying on a travel agent's verbal description of the schedule availability will not improve the likelihood that the consumer will realize that the schedule display is biased. Indeed, a consumer would have to have intimate knowledge of airline schedules to detect the kinds of subtle (and even not so subtle) biasing of the schedule displays. Such consumers are relatively few in number and would represent an infinitesimally small portion of the traveling public. Hence, the ability to spend additional time studying an Internet-provided schedule display is of little, if any, consequence unless the consumer has a frame of reference permitting him or her to detect the bias.

Second, the fact that Internet sites do not hold themselves out as unbiased sources of information is a fact that is not noticed so as to be meaningful in the consumer's selection process. For example, nothing in the Expedia search instructions indicates to the consumer that the flights responsive to the consumer's request are biased. However, Expedia has a default setting which



biases the response based on low fares. A consumer has to change the default setting in order to prefer schedule times over price. The inherent biasing of its default display disadvantages Midwest Express which only offers a premium service, albeit, at a range of competitive prices. However, its fares are generally higher than discounted coach fares. The bias in Expedia is so deep that even in markets in which Midwest Express offers nonstop service, its schedules will not appear unless the consumer selects the schedule preference. See Exhibit 3. While Midwest Express is reluctant to have the Department assert its jurisdiction on non-traditional entities, Microsoft is a defined "ticket agent" (and an ARC accredited travel agent) by its holding out of its Expedia product and, therefore, should not be, and is not, immune from the Department's reach if it finds Expedia's conduct causes competitive harm.

The third and fourth distinguishing factors noted by the Department were the inability of travel agents to search more than one data base and the time pressure on them to complete the transaction. These differences assume that a majority of consumers will search more than one Internet site before making their selection. Midwest Express is not convinced that just because a consumer visits more than one biased Internet site the consumer's purchase decision will be any less tainted than if they visited only one site. The bias of one site will not simply cancel out the bias of another Internet site.

To the extent the computer and the Internet are hailed as advances, they are labor saving devices. It does not necessarily

follow, therefore, that consumers will turn away from travel agents in favor of electronic purchases of air transportation if, in fact, they do not save time in doing so. Surely, if the decision and purchase process is prolonged by consulting on the Internet, the service will not likely be deemed sufficiently attractive to attract large numbers of users. Therefore, the DOT's premise that a consumers more thorough and leisurely exploration of schedules (by consulting multiple sites) will be the antidote to display bias, lacks compelling logic.<sup>8/</sup>

The core issue to be resolved by the DOT is whether biased Internet sites can result in the same manner of competitive harm to non-system owners as the DOT has demonstrated is the case when travel agent subscriber displays are biased by system owners. Midwest Express would answer this question in the affirmative and, therefore, urges the Department to include within the ambit of section 255.4 not only integrated displays provided to travel agent subscribers but, as well, displays made available by system owners to Internet sites, the major ones of which are themselves ARC accredited travel agents. The DOT rules should focus on the consumer and protect the traveling public from Internet display bias which has the same unhealthy and anti-competitive consequences of system display bias provided to travel agents.

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<sup>8/</sup> Similar to the point noted above, bias is not overcome simply because the consumer may work with the schedule displays for longer periods of time than do professional travel agents. Indeed, an agent with years of experience will logically make a faster and more fully educated selection than a consumer who is unfamiliar with and lacks years of experience in working with airline schedules.

In addition to the competitive harm created by biased Internet displays, participating carriers may incur non-productive booking fees resulting from consumer surfing of Internet booking sites during which multi-reservations records are being created. Midwest Express does not expect the Internet site user to be knowledgeable of, or care, that their booking practices may cause participating carriers to incur substantial CRS fees. Therefore, Midwest Express does not believe that any rule should be directed toward the consumer to reduce participating carrier exposure to such costs.

However, to avoid such unnecessary and non-productive fees, Midwest Express urges the Department to require system owners that make their data available to Internet sites to do so responsibly. Specifically, the CRS rules must address the issue of inventory spoilage. While Internet sites may voluntarily impose ticketing time limits and other booking controls, such as the number of bookings that can be made at a single time, there is no rule which requires them to do so. For example, unrestricted fares, such as walk-up fares or full first, business or coach class fares do not require an advance purchase.<sup>2/</sup> Consequently, unless the Internet site requires consumers to pay for their travel after booking, consumers would be free to make as many bookings as they would like without incurring any financial obligation. However, by doing so, a carrier's seat inventory is reduced to reflect the booking and the carrier may never regain the opportunity to sell the seat that

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<sup>2/</sup> Midwest Express, as a premium carrier, has a higher percentage of its passengers traveling on unrestricted fares than many other carriers.

was booked without any intention of being purchased. Further, Internet sites are now not required to place limits on the number of bookings an Internet subscriber can make for the same destination on the same day. This means that the consumers can make multiple bookings to the same destination and never get ticketed thereby depriving carriers of ever being able to sell the booked, but not ticketed, seats.

Taking inventory off the market, based on a booking but not a sale, represents a lost revenue opportunity that can never be regained by the carrier. Travel agents are generally (although not always) sensitive to this fact and are required to advise their customers of airline ticketing requirements. More importantly, to earn their commission travel agents must issue passengers their tickets thereby converting a booking to a sale.<sup>10/</sup> Consumers lack this knowledge of airline and travel agent practices and have no financial incentive to cancel unused or duplicative bookings thereby spoiling participating carrier's inventory. Therefore, Midwest Express urges the CRS rules be amended to require CRS systems making their data bases available to Internet sites to enforce the participating carrier's rules regarding ticketing time limits, the number of bookings that can be placed by a consumer at any one time, and other similar carrier-imposed rules if the participating carrier instructs the CRS system to impose its rules on Internet customers. In the absence of such a DOT mandate,

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<sup>10/</sup> In section III.B. infra, Midwest Express addresses the consequences of the practice of travel agents creating passive or duplicative bookings.

Internet sites will be under no compulsion to act responsibly in holding out carrier schedules directly to the consumer.

Finally, on the Internet issue, the Department asked whether it should adopt Delta's proposal to preclude systems from requiring participation in Internet booking services as a condition to participation in services offered to travel agent subscribers. Like Midwest Express, Delta is concerned about the potential for abuse brought about by consumer direct access to carrier inventory. The inability of participating carriers to opt out with respect to Internet services is an issue of great importance to Midwest Express. Because of the risk of inventory spoilage when consumers use Internet travel sites, Midwest Express believes it is fundamental that it must have the flexibility to direct system owners not to make its schedules available to Internet sites. However, under the standard CRS participation agreement, the CRS system owners have taken the position that, unless a carrier participates at the highest level of functionality, it cannot opt out.

This tying of a purchase of an unwanted service to obtain a desired product is precisely the conduct the Department found objectionable when it recently banned parity clauses in Docket OST-96-1145. 62 Fed. Reg. 59784 (November 5, 1997). Once again, CRS system owners are exercising their market power, this time by dictating to participating carriers the terms under which they may withdraw their schedules from an Internet site supported by the CRS owner. This action is being taken by the system owners despite the

obvious motivation on the part of participating carriers not to have their schedules displayed on CRS-supported Internet sites to reduce spoilage. In the absence of any evidence that an airline would ever accept an arrangement binding it to make its schedules available to Internet sites as a condition to CRS participation, the Department has both the evidence and legal authority to prohibit this manifestation of market power and Midwest Express urges it to do so in this rulemaking proceeding.

**B. Improper Passive and Abusive Booking Practices  
Must be Controlled by DOT Regulation**

The Department has rolled into this rulemaking proceeding the issues raised by the Petition for Rulemaking filed by America West challenging the practice by which certain travel agents, acting under incentives provided by system owners, engage in abusive booking practices to reduce or eliminate their CRS fees. Midwest Express has previously brought this practice to the attention of the Department and consideration of the America West proposal in this Docket is timely and appropriate.

There is no factual dispute that travel agents engage in the practice of making passive or phantom bookings which drive up the costs to participating carriers. This practice is encouraged by the financial incentives systems offer to travel agents which contract for their equipment. Transaction milestones are established which, if exceeded, will reduce or eliminate an agency's equipment cost. If an agency lacks the requisite number of bookings/segments in a month, it might be inclined to engage in the practice of phantom or passive bookings to make its quota.

Although Midwest Express has provided the DOT examples of such booking patterns in the past, we do so again to demonstrate that the practice continues unabated. Described below are some recent examples.

- Exhibit 4 consists of Billing Information Data Tape printouts used by Midwest Express to audit its CRS booking fee charges, which reflect duplicate and passive bookings by various travel agents presumably to meet their equipment discount booking quotas. Whatever the agent's motivation, the bookings, which resulted in fees to Midwest Express, were non productive meaning that they did not produce a revenue passenger. Worse yet, as shown in the Exhibit, Midwest Express suffered considerable inventory spoilage as a result of these travel agent booking practices.
- Exhibit 5 reflects an Apollo booking of a group of 39 Boy Scouts that should have been booked by the agent as a group through Midwest Express' group desk, thereby generating a booking fee to Midwest Express of \$39.00. Since the agent repeatedly booked and canceled the same group it caused Midwest Express to incur booking fees of \$559.32. Clearly the agent was motivated to book the group in this manner to fulfill its quota and avoid CRS equipment fees.
- Exhibit 6 is an example of a Worldspan booking of a group that was never quoted by the Midwest Express' group desk and never flew on Midwest Express. Yet the agent made eight repeated passive bookings that were subsequently canceled eight times and Midwest Express was charged \$82.80 for the "booking" by Worldspan.

- Exhibit 7 shows examples of "open segment" bookings for which no Midwest Express flight number is shown. Such bookings, which never generated any revenue for Midwest Express, cost the carrier over \$350 in booking fees just on the examples shown in this Exhibit. It is the position of the CRS systems that the burden is on Midwest Express to identify these open segment bookings and to prove to the CRS system that the bookings were not valid.

While Midwest Express has been diligent in exercising self help to minimize the financial impact of this practice by aggressively auditing its CRS billing tapes and submitting charge-backs for improper bookings, it has not been able to eliminate the problem. Midwest Express further believes that its favorable experience may reverse itself if consumer-generated Internet site bookings increase and bring with it an increase in duplicative bookings that Internet sites may or may not tolerate as they see fit.<sup>11/</sup>

Therefore, Midwest Express strongly supports adoption of a rule to prohibit the imposition of booking fees for transactions that do not involve actual travel. Alternatively, Midwest Express supports a rule that participating carriers may instruct the system owner to deny travel agents the ability to make passive bookings. American and United alone have available to them programming to

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<sup>11/</sup> As noted, travel agents are trained and required to convert bookings into sales by observing the carrier's ticketing time limits and thereby earning their commissions. To the extent the current practice is to impose similar limits on Internet consumers, the Internet sites do so voluntarily. If this practice is not made mandatory by the DOT, Midwest Express fears that non-productive multiple Internet bookings will increase.



cause their CRS-affiliated systems to electronically block this travel agent practice. It is more than a coincidence that Sabre and Apollo have made this program available to their affiliates, but not other participating carriers. System owners have simply refused to provide similar programming to other carriers. Perhaps there is no better evidence of the market power wielded by system owners when it denies this kind of protective programming from all but their affiliated carriers. No carrier would logically want to pay for nonproductive services and yet system owners deprive carriers of the ability to reasonably control their exposure to abusive booking practices. This is virtually the definition of market power since no carrier would accept the requirement to pay for passive bookings in a competitive market.

Because the problem is one of long standing and seems incapable of being eliminated simply by the exercise of carrier audits and charge backs, the DOT is compelled to address this form of unfair behavior on the part of system owners and this action should be taken as quickly as possible without awaiting the outcome of this rulemaking action. The DOT has on two recent occasions found the need to modify the CRS rules to address system owner conduct that could not await the conclusion of this rulemaking proceeding. See 62 Fed. Reg. 59784; 62 Fed. Reg. 63847. The practice of encouraging passive and abusive booking practices while shielding carriers affiliated with system owners from the practice is worthy of being addressed by the Department as soon as possible.

**C.    The DOT Should Prohibit Preferred Carrier  
Agreements With Ticket Agents**

Competition for the traveler's air transportation dollar generally benefits the ultimate consumer. However, the DOT must recognize that in certain situations this form of competition can in fact be destructive or anti-competitive. A glaring example of such deleterious activity is the airline offer to travel agents to enter into preferred carrier agreements. Typically, these agreements provide that the travel agent will prefer certain air carriers in return for override or incentive commissions. Midwest Express is not asking the DOT to address the practice of commission overrides (in keeping with the Department's admonition that it will not consider this issue in this proceeding (62 Fed. Reg. 47610)). However, the issue of travel agent impartiality is properly before the Department in this Docket.

Specifically, Midwest Express is concerned about the practice of travel agents holding themselves out as indifferent to the consumer's choice of air carrier when, in fact, with respect to at least one large nationwide travel agency -- American Express Travel, this is not the case. Because Midwest Express has refused to enter into an override agreement with American Express Travel ("Amex"), the carrier is prohibited access to Amex offices to pay calls on Amex agents.<sup>12/</sup> Further, Amex agents are precluded from accepting from Midwest Express and other non-preferred carriers

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<sup>12/</sup> Exhibit 8, is a copy of the guidelines published by American Express Travel to its agents prohibiting them from engaging in promotional activities with non-preferred carriers.

agent incentives such as free tickets, participation in familiarization trips and attendance at events sponsored by the non-preferred carriers. Carriers paying cash overrides to Amex are under no such similar marketing constraints. Apart from limiting the access to selling travel agents, Amex intentionally biases their computer displays to downgrade non-preferred carriers. Unless a customer specifically asks for the services of a particular non-preferred carrier, transportation on such a carrier will not be sold. Amex travel agents, therefore, do not book non-preferred carriers to the same degree they book preferred carriers.

The definition contained in Part 255 states that a subscriber is a ticket agent "that holds itself out a neutral source of information about, or tickets for, the air transportation industry...." This is not the case with Amex that has entered into preferred carrier agreements.<sup>13/</sup> If agents are falsely holding themselves out as neutral providers of travel information, then the DOT should act to stop this abuse. Midwest Express, therefore, proposes that the CRS rules provide that subscribers must inform their customers in appropriate media or otherwise (e.g. at point of the first oral or in-person contact or by means of flyers, other written materials) that they are not acting impartially in advising with respect to the choice of air carrier.

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<sup>13/</sup> Nor is it the case of travel agents that benefit financially by booking on a carrier that has the potential to eliminate or reduce entirely the agency's cost of computer equipment. Exhibit 9 consists of a proposal by US Airways, an Apollo sales agent, to a travel agency offering a 100% discount off the Apollo equipment rental if it meets a quota of monthly bookings or segments based on a twelve month rolling average.

This requirement will at least put the customer on notice that there may be other services that will better meet their needs and that the agent may not offer such information because they have a financial incentive not to do so. In others words, the consumer will be aware that they will be making their travel decision based on something less than perfect knowledge. Obviously, competition is fostered when consumers have perfect or near perfect information on which to make their purchasing decision and the CRS rules are founded on this principle. How then can travel agents be permitted to pass themselves off as neutral information providers when, in fact, they enter into financial agreements that cause them to favor certain carriers? Under the proposal of Midwest Express, agents may continue to engage in the practice of entering preferred carrier agreements if they choose to do so but if they do, consumers will have to be advised of the agent's lack of impartiality. This is the least obtrusive means to attack this problem, but one which Midwest Express believes will level the playing field between travel agents and carriers that do not wish to compete by offering excessive cash overrides.

#### **IV. OTHER CRS ABUSES REQUIRE DOT ATTENTION**

##### **A. Use and Abuse of System Marketing and Booking Data**

The Department has asked for feedback on the marketplace effect of section 255.10 which requires systems to make marketing, booking and sales data generated by the CRS system to all participating carriers on a non-discriminatory basis. Midwest Express believes that such data is extremely valuable to the efficient

conduct of an airline marketing organization. The issue, however, is not the inherent value of the data but the price associated with the purchase of it which, as described below, is excessively high. By simply ordering the marketing data to be made available the DOT has solved only one-half of the problem. Indeed, by neglecting the price element the DOT has once again allowed system owners to circumvent the intention of the rule to make marketing data readily available to participating carriers.

Midwest Express is a case in point. As a participant in each of the four major CRS systems (participation is a matter of economic necessity as the DOT has found to be the case over the years) Midwest Express would incur charges for the data on \$100,000 per month. Since the data must be manipulated by additional computer programming that would cost an additional \$25,000 to \$30,000 per month, the carrier's total exposure to data fees per month could run \$130,000. On an annual basis, Midwest Express would incur approximately \$1.56 million in data and computational fees which in 1996 represented 5.3% of the annual operating profit for Midwest Express. The DOT cannot seriously think that either the spirit or intent of the rule is being observed by system owners when they price the marketing and booking data so far above the cost to produce the information.

Midwest Express does not object to paying a **reasonable** fee for the data. However, the fees thus far imposed by the owners far exceeds the value of the data and, therefore, Midwest Express and other similarly situated carriers cannot afford to take advantage

of the rule requiring the system owners to make the information available. To answer the DOT's precise question of whether the data is competitively beneficial the answer is yes. However, the absence of a financial ability to purchase the data makes the benefit to airline competition at best a theoretical one. The DOT, therefore, must address the price issue if it expects to be able to ensure the benefit it originally foresaw when it adopted the data availability rule.

The second part of the DOT's question -- is the CRS data being used to harm competition -- is perhaps an even more interesting question as the answer represents a virtual window into the mind of the CRS system owners and their affiliated carriers. Midwest Express, as noted above, relies heavily on Sabre for the distribution of its product to travel agents. Therefore, was it more than a mere coincidence that shortly after a Milwaukee-based travel agent booked group space on Midwest Express' Milwaukee-DFW flight that it was contacted by American and offered a lower rate and higher commission if it switched the group to American?<sup>14/</sup> The only way American would have access to this booking information was through Sabre and the booking data that Sabre makes available to American purportedly under the authority contained in section 255.10. According to information available to Midwest Express, sales representatives of American have direct access to updated CRS booking data every 24 hours through a computer link.

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<sup>14/</sup> Other carriers have been reported in the trade press to have had similar experiences.

Never did the Department intend that the sensitive booking data would be made available to participating carriers before travel is to take place thereby permitting agents to be targeted for sales calls by those carriers that have purchased the section 299.10 data. To the extent the DOT rules are being manipulated in this fashion by data purchasing carriers the rules are aiding carriers in the potential interference of contractual relations or business advantage -- a tort in most jurisdictions. However, Midwest Express does not believe it is in the public interest for it to have to pursue tort claims and prove damages in a court of law. Rather, the DOT should exercise its statutory authority under 49 U.S.C. § 41612 to halt this unfair practice. Systems are abusing their commanding market power by allowing their affiliated carriers to misuse CRS booking data in this fashion.

Accordingly, Midwest Express urges section 255.10 be modified to prohibit the release of marketing, booking and other sales data by system operators including the release of any such data to their affiliated carriers before the travel represented by the booking has commenced. Alternatively, if the data is to be made available to purchasing carriers before travel, that it be sufficiently de-identified so that a competing carrier cannot target the selling travel agent so as to interfere with a previously consummated booking or sale of air transportation.

**B. Coercion of Travel Agents is an Established Pattern of Conduct by System Owners**

Midwest Express has first-hand knowledge of the coercion that system owners exert on travel agents to become subscribers at hub cities and else where. For example, in August, 1997 agencies in Milwaukee were being told by Worldspan that if they did not become subscribers the agencies would no longer have access to Northwest sales representatives, sales support or corporate discounts on Northwest, a Worldspan-affiliated carrier. The intimidation also included a promise to more promptly clear wait-listed passengers if the booking is made through Worldspan. Presumably, CRS systems would not be inclined to push their equipment onto even unwilling travel agents if they did not perceive a benefit to doing so. Therefore this conduct, which is easily verifiable by the Department, is emblematic of the need for regulation of CRS systems and the conduct of CRS owners in the marketing of the CRS product.

Similar, although not identical, activity has been the subject of earlier Midwest Express submissions to the DOT. In those filings, Midwest Express complained that the system of carrier override commissions to travel agents made it impossible for Midwest Express to establish itself in the Milwaukee-Detroit market which at the time was a monopoly Northwest market. So stridently did Northwest protect its monopoly status that none of Midwest Express' many sales and marketing initiatives could overcome travel agent reluctance to book Midwest Express and, thereby, forego



substantial Northwest override commissions.<sup>15/</sup> To this day, the Milwaukee-Detroit nonstop market is dominated by Northwest and is one of the very few markets entered by Midwest Express and from which it subsequently withdrew because it could not gain a toe hold in the travel agent community. This practice is worthy of DOT oversight and possible regulation.

**C. The Third Party Hardware and Software Rules Should Be Strengthened**

The rule requiring systems not prohibit agency use of a system terminal to access any other system contains a major flaw which should be corrected in the rulemaking proceeding. That is, the rule has an exception for terminals owned by a system. Hence a System One-owned terminal cannot be used to access Apollo. It is the experience of Midwest Express, which we believe is representative of the industry, that 99% of its agents utilize system owned equipment. The exception in section 255.9(a)(2) therefore renders the rule and the Department's perceived benefit of it a nullity.

Perhaps the question the DOT should pose is why are almost all travel agents using the equipment of one of the four systems? The answer is well known to the Department. Competition for subscribers is fierce and to attract them systems will use their financial muscle to secure agency patronage. Therefore, we see agreements between systems and travel agents where systems will offer a 100% discount as an inducement to enter into a subscriber

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<sup>15/</sup> Midwest Express previously submitted to the Department an affidavit describing in detail its attempt to crack the Milwaukee-Detroit market by the use of innovative sales techniques but could not overcome the lure of the override commissions.

agreement. See Exhibit 9. Under these circumstances why would a travel agent incur the cost of acquiring third party equipment from which it can access other systems when systems are offering equipment virtually free of charge. The Department can always expect agents to act in their own self interest and therefore the exception to the rule should be eliminated. It should be sufficient for the rule to require that access by terminals to more than one system would only be prohibited if such access would result in the loss of system integrity similar to the provision in section 255.9(a)(1).

#### **IV. CONCLUSION**

The Department's CRS rules are the most competitively important rules ever adopted by the DOT. The reauthorization of the rules is therefore vital to the war to combat market dominance by CRS systems and their affiliated carriers. But in certain respects the rules are flawed. The rules must be modified to take account of the fact that while the airline schedule and fare information was once only seen by travel agents, the data is now being made available directly to consumers. If the data is biased when it is presented to consumers, then the harm the DOT determined would result from system biasing of travel agent computer displays will result. Midwest Express urges the Department to ensure that participating carrier data provided by CRS systems reaches the consumer (and the travel agent) in an unbiased state.

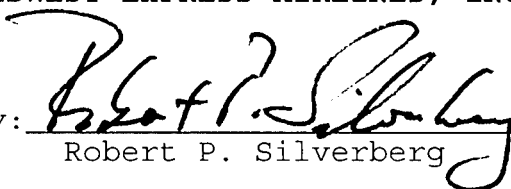
Further, the advent of the Internet poses significant problems for participating carriers which will incur nonproductive booking

fees and be open to wide spread inventory spoilage. The DOT should anticipate this trend and impose needed regulation on CRS system owners to insure that the potential for harm is never realized. The DOT should also address other demonstrable abusive practices such as non-productive booking fees, abuse of CRS marketing and booking data and travel agent preferred-carrier agreements.

Respectfully submitted,

BAGILEO, SILVERBERG & GOLDMAN, L.L.P.

Attorneys for  
**MIDWEST EXPRESS AIRLINES, INC.**

By:   
Robert P. Silverberg

Dated: December 9, 1997

# EXHIBIT 1

**Midwest Express Airlines, Inc.**  
**Percentage of Net Bookings by CRS**

	1995	1996	1997 (Jan. - Nov.)
Sabre	29.00%	29.00%	28.50%
Galileo	28.00%	27.50%	26.50%
Worldspan	14.00%	13.00%	13.00%
Sys One/Amedeus	6.00%	6.00%	6.00%

## EXHIBIT 2

12/1/97

**Pax Boarding Increase****vs.****Cost Increase**

1993 - September 1997

<b>Pax Boarding</b>		<b>Cost by CRS</b>		<b>Total Cost</b>
<b>1993</b>	1,179,355.00	Galileo	\$ 896,704.81	
		Sys One	\$ 201,473.23	
		Worldspan	\$ 499,026.94	
		Sabre	\$ 1,015,098.86	\$ 2,612,303.84
<b>1994</b>	1,397,568.00	Galileo	\$ 1,141,375.55	
		Sys One	\$ 276,853.69	
		Worldspan	\$ 592,188.94	
		Sabre	\$ 1,258,982.67	\$ 3,269,400.85
<b>1995</b>	1,718,510.00	Galileo	\$ 1,406,108.30	
		Sys One	\$ 335,300.37	
		Worldspan	\$ 725,311.49	
		Sabre	\$ 1,434,600.98	\$ 3,901,321.14
<b>1996</b>	1,824,624.00	Galileo	\$ 1,446,826.45	
	1,376,205.00 (Jan-Sep)	Sys One	\$ 370,411.28	
		Worldspan	\$ 731,840.20	\$ 3,255,437.73 (Jan-Sep)
		Sabre	\$ 1,606,422.18	\$ 4,155,500.11
<b>1997</b>	1,474,721.00 (Jan-Sep)	Galileo	\$ 1,185,300.44	
		Sys One	\$ 308,813.20	
		Worldspan	\$ 593,138.76	
		Sabre	\$ 1,455,797.64	\$ 3,506,442.65 (Jan-Sep)
<b>Pax Boarding Increase</b>		<b>Cost Increase by CRS</b>		<b>Total Cost Increase</b>
<b>1993 vs. 1994</b>	18.50%	Galileo	27.29%	25.15%
		Sys One	37.41%	
		Worldspan	18.67%	
		Sabre	24.03%	
<b>1994 vs. 1995</b>	22.96%	Galileo	23.19%	19.33%
		Sys One	21.11%	
		Worldspan	22.48%	
		Sabre	13.95%	
<b>1995 vs. 1996</b>	6.17%	Galileo	2.90%	6.52%
		Sys One	10.47%	
		Worldspan	0.90%	
		Sabre	11.98%	
<b>1996 vs. 1997</b> (Jan-Sep)	7.16%	Galileo	4.52%	7.71%
		Sys One	6.54%	
		Worldspan	4.11%	
		Sabre	15.37%	

## EXHIBIT 3





## Search for Flights

Please tell us all about the trip you would like to take, and then click **Continue** at the bottom of the page. For a little extra help, click **Need Help?** in the upper left-hand corner of the page.

**Roundtrip**

One Way

Multiple Destinations

1 of 5:  
Destination

Where would you like to go? (Please indicate city, airport name, airport code.)

From

Milwaukee, WI (MKE-General Mitchell Intl.)

To

San Francisco, CA

2 of 5:  
Date and  
Time

When would you like to travel (e.g. MM/DD/YY)?

Departing

12/07/97

Approx.

8:00 am

Returning

12/15/97

Approx.

11:00 am

3 of 5:  
Number of  
passengers

Please tell us how many travelers are in your party. You may make plans for up to six people.

Adults (age 12 to 64)

Seniors (age 65 and over)

Children (age 11 and under)

Infants (under age 2 at time of travel) sitting in an adult's lap

4 of 5:  
Ticket  
class  
and  
preference

What ticket class would you prefer?

☒ Coach class☐ Business class☐ First class

Please tell us which airlines you would like us to review for you. You may choose All, or have us search for one specific airline.

If you have any special search preferences, please indicate them below. (Note that these preferences may result in higher fares.)

☐ Search only for flights with no change penalties☐ Search only for flights with no advance-purchase restrictions☐ Search only for direct flights

5 of 5:  
Search  
method

Choose a search method.

- **Search for best-priced flights** to find the lowest fares available on the dates you specify and to choose flights based on their price. (Expedia will propose complete trips for you.)  
**Search for flights by schedule** to choose flights based on their departure time. (Expedia allows you to choose each flight on your trip, and then calculate the total ticket price.)

When you are satisfied with the information you have entered, click **Continue** to begin the search. We review thousands of records to find the best options for you, so this may take a few minutes. Please wait.

Continue





## Best-priced Trips

We found the following low-priced trips for you. To see details about any trip, click **Choose and Continue**.

If none of these trips meet your needs, click the **Change S** button at the bottom of the page to change your search on the Flight Wizard.

### Average cost per passenger

**Milwaukee, WI (MKE-General Mitchell Intl.) to San Francisco (SFO)**  
12/7/97 Round Trip

<b>US \$306.00</b> (Total: US \$306.00 ) <u>Choose and Continue</u>	12/7/97 7h 35m	Milwaukee (MKE) to San Francisco (SFO)	<b>Continental</b>
		Depart 6:15 am Arrive 11:50 am	<b>689 / 201</b> connect in Hou

	12/15/97 7h 8m	San Francisco (SFO) to Milwaukee (MKE)	<b>Continental</b>
		Depart 12:20 pm Arrive 9:28 pm	<b>220 / 1186</b> connect in Hou

<b>US \$321.00</b> (Total: US \$321.00 ) <u>Choose and Continue</u>	12/7/97 5h 55m	Milwaukee (MKE) to San Francisco (SFO)	<b>NORTHWEST</b>
		Depart 7:20 am Arrive 11:15 am	<b>719 / 351</b> connect in Min (MSP)

	12/15/97 6h 19m	San Francisco (SFO) to Milwaukee (MKE)	<b>NORTHWEST</b>
		Depart 11:25 am Arrive 7:44 pm	<b>348 / 306</b> connect in Min (MSP)

<b>US \$321.00</b> (Total: US \$321.00 ) <u>Choose and Continue</u>	12/7/97 6h 49m	Milwaukee (MKE) to San Francisco (SFO)	<b>NORTHWEST</b>
		Depart 9:00 am Arrive 1:49 pm	<b>945 / 353</b> connect in Min (MSP)

	12/15/97 6h 19m	San Francisco (SFO) to Milwaukee (MKE)	<b>NORTHWEST</b>
		Depart 11:25 am Arrive 7:44 pm	<b>348 / 306</b> connect in Min (MSP)

<b>US \$327.00</b> (Total: US \$327.00 ) <u>Choose and Continue</u>	12/7/97 6h 55m	Milwaukee (MKE) to San Francisco (SFO)	<b>American</b>
		Depart 8:00 am Arrive 12:55 pm	<b>/ 2606</b> connect in Pho

	12/15/97 6h 31m	San Francisco (SFO) to Milwaukee (MKE)	<b>American</b>
		Depart 11:40 am Arrive 8:11 pm	<b>2452 / 1157</b> connect in Pho

<b>US \$327.00</b> (Total: US \$327.00 ) <u>Choose and Continue</u>	12/7/97 6h 38m	Milwaukee (MKE) to San Francisco (SFO)	<b>TWA</b>
		Depart 6:30 am Arrive 11:08 am	<b>53</b> connect in St. L

12/15/97 5h 41m San Francisco (SFO) to Milwaukee (MKE)  
Depart 12:10 pm Arrive 7:51 pm

**TWA** 31  
connect in St. L

**US \$327.00**  
(Total: US \$327.00)  
Choose and Continue

12/7/97 6h 55m Milwaukee (MKE) to San Francisco (SFO)  
Depart 6:45 am Arrive 11:40 am

**American**  
4233 / 485  
connect in Chic

12/15/97 5h 54m San Francisco (SFO) to Milwaukee (MKE)  
Depart 10:36 am Arrive 6:30 pm

**American**  
682 / 4045  
connect in Chic





## Search for Flights

Please tell us all about the trip you would like to take, and then click **Continue** at the bottom of the page. For a little extra help, click **Need Help?** in the upper left-hand corner of the page.

**Roundtrip**

One Way

Multiple Destinations

1 of 5:  
Destination

Where would you like to go? (Please indicate city, airport name, airport code.)

From

Milwaukee, WI (MKE-General Mitchell Intl.)

To

San Francisco, CA (SFO)

2 of 5:  
Date and  
Time

When would you like to travel (e.g. MM/DD/YY)?

Departing

12/7/97

Approx.

8:00 am

Returning

12/15/97

Approx.

11:00 am

3 of 5:  
Number of  
passengers

Please tell us how many travelers are in your party. You may make plans for up to six people.

1

Adults (age 12 to 64)

☐

Seniors (age 65 and over)

☐

Children (age 11 and under)

☐

Infants (under age 2 at time of travel) sitting in an adult's lap

4 of 5:  
Ticket  
class  
and  
preference

What ticket class would you prefer?

☒ Coach class☐ Business class☐ First class

Please tell us which airlines you would like us to review for you. You may choose All, or have us search for one specific airline.

All

If you have any special search preferences, please indicate them below. (Note that these preferences may result in higher fares.)

☐ Search only for flights with no change penalties☐ Search only for flights with no advance-purchase restrictions☒ Search only for direct flights

5 of 5:  
Search  
method

Choose a search method.

**Search for best-priced flights** to find the lowest fares available on the dates you specify and to choose flights based on their price. (Expedia will propose complete trips for you.)

- **Search for flights by schedule** to choose flights based on their departure time. (Expedia allows you to choose each flight on your trip, and then calculate the total ticket price.)

When you are satisfied with the information you have entered, click **Continue** to begin the search. We review thousands of records to find the best options for you, so this may take a few minutes. Please wait.

Continue



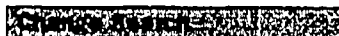


## Scheduled Flights

The flights shown below are for this destination on your trip. Select one flight from the list by clicking **Choose and Continue**. When you have selected flights for all destinations on your trip, we'll calculate the price of your ticket.

**Milwaukee, WI (MKE-General Mitchell Intl.) to San Francisco, CA (SFO)**  
12/7/97 Destination 1 of 2

11:30 am	12/7/97 4h 12m	Milwaukee (MKE) to San Francisco (SFO)	MIDWEST EXPRESS AIRLINES
<u>Choose and Continue</u>		Depart 11:30 am Arrive 1:42 pm	0972



**EXHIBIT 4**





Count	Agent ID	Board	Off Pt	Class	RLOC	Flight	B/C	Input	Status	Code	Name	Pax	Trans Date	Tvl Date	Type	Cost
Subtotal for [REDACTED]												2				\$2.93
[REDACTED]																
GRR		MKE	H	QJZXU		1260 B		NN		HK	HUANG/MIN	1	8/27/97	8/29/97	DS	\$1.47
GRR		MKE	Y	T27TBM		1832 B		NN		HK	HUANG/MIN	1	8/28/97	8/29/97	DS	\$1.47
Subtotal for [REDACTED]												2				\$2.93
[REDACTED] 100% for 1500 - Dupes																
MKE		PHL	K	Q4HC0Q		150 B		NN		HK	MAGESTRO/VINCEN	4	8/15/97	9/25/97	DS	\$5.86
PHL		MKE	K	Q4HC0Q		157 B		NN		HK	MAGESTRO/VINCEN	4	8/15/97	9/30/97	DS	\$5.86
MKE		PHL	K	QNXS5G		156 B		SS		HK	MAGESTRO/VINCEN	4	8/16/97	9/25/97	DS	\$5.86
PHL		MKE	K	QNXS5G		157 B		SS		HK	MAGESTRO/VINCEN	4	8/16/97	9/30/97	DS	\$5.86
Subtotal for [REDACTED]												16				\$23.44
[REDACTED]																
EWR		MKE	V	PL2ZLQ		279 B		NN		HK	JOHNSTON/JEROME	1	8/5/97	8/12/97	DS	\$1.47
EWR		MKE	B	RGXQ92		271 B		NN		HK	JOHNSTON/JEROME	1	8/12/97	8/12/97	DS	\$1.47
Subtotal for [REDACTED]												2				\$2.93
[REDACTED]																
MKE		DFW	K	PBKXFO		310 B		SS		HK	RANDHAWA/BALJIN	4	8/1/97	9/2/97	DS	\$5.86
MKE		DFW	V	PBKXFO		310 B		SS		HK	RANDHAWA/BALJIN	4	8/29/97	9/1/97	DS	\$5.86
Subtotal for [REDACTED]												8				\$11.72

1D2

PEOPLES TRAVEL SVC

Agent ID	Board	On Pt	Class	RLOC	Flight	B/C	Input Status	Status	Name	Pax	Trans Date	Tvl Date	Type	Cost
	BOS	MCI	K	N172TS	68	B	SS	HK	GREUTER/KATHILEE	2	9/17/97	11/10/97	DS	\$2.93
	BOS	MCI	K	N2M7PC	68	B	SS	HK	GREUTER/KATHILEE	2	9/17/97	11/7/97	DS	\$2.93
Subtotal for [REDACTED]										4				\$5.86

LGA	MKE	M	MGVCVE	12	B	SS	HK	HAMMEL/J K	1	9/29/97	10/1/97	DS	\$1.47
MKE	LGA	M	MGVCVE	1	B	NN	HK	HAMMEL/J K	1	9/26/97	9/27/97	DS	\$1.47
DCA	MKE	B	N5SQ42	406	B	NN	HK	NIENHUIS/MARK	1	9/26/97	12/5/97	DS	\$1.47
MKE	DCA	B	N5SQ42	415	B	NN	HK	NIENHUIS/MARK	1	9/26/97	11/30/97	DS	\$1.47
MCI	LGA	B	P04N5S	82	B	NN	HK	ZARSE/ROBERT	1	9/26/97	10/3/97	DS	\$1.47
MCI	LGA	B	P2RN7K	82	B	NN	HK	ZARSE/ROBERT	1	9/26/97	10/3/97	DS	\$1.47
LGA	MKE	K	P8PVZ0	4	B	NN	HK	HAMMEL/J K	1	9/26/97	9/29/97	DS	\$1.47
MKE	LGA	K	P8PVZ0	1	B	NN	HK	HAMMEL/J K	1	9/26/97	9/27/97	DS	\$1.47
DCA	MKE	M	SHV84G	406	B	SS	HK	NIENHUIS/MARK	1	9/5/97	12/5/97	DS	\$1.47
MKE	DCA	M	SHV84G	415	B	SS	HK	NIENHUIS/MARK	1	9/5/97	11/30/97	DS	\$1.47
Subtotal for ██████████										10			\$14.65

MKE	OMA	V	T2ZLNI	402	B	SS	HK	FRITTS/JOHN	2	9/12/97	10/6/97	DS	\$2.93
MKE	OMA	K	T2ZLNI	402	B	BK	BK	FRITTS/JOHN	2	9/12/97	10/6/97	ST	\$2.00
Subtotal for [REDACTED]									4				\$4.93

Galileo spoiled Inventory - untracked  
 28621994  
 no show  
 OK  
 these out  
 see next page

MKE	LGA	B	MJQM32	1	B	SS	HK	STEITZ/PAUL	1	9/18/97	9/23/97	DS	\$1.47
OMA	MKE	B	MJQM32	270	B	SS	HK	STEITZ/PAUL	1	9/18/97	9/23/97	DS	\$1.47
LGA	MKE	B	NH7X4Q	2	B	SS	HK	POTRZEBA/AMY	1	9/26/97	10/6/97	DS	\$1.47

Agent ID	Board	Off Pt	Class	RLOC	Flight	B/C	Input Status	Status	Name	Pax	Trans Date	Tvl Date	Type	Cost
no show	MKE	LGA	B	NH7X4Q	9 B		SS	HK	POTRZEBA/AMY	1	9/26/97	10/6/97	DS	\$1.47
no show	MKE	OMA	B	NH7X4Q	273 B		SS	HK	POTRZEBA/AMY	1	9/26/97	10/6/97	DS	\$1.47
no show	OMA	MKE	B	NH7X4Q	276 B		SS	HK	POTRZEBA/AMY	1	9/26/97	10/6/97	DS	\$1.47
no show	LGA	MKE	B	NLT956	4 B		SS	HK	JENSEN/RODGER	1	9/26/97	10/1/97	DS	\$1.47
no show	MKE	OMA	B	NLT956	402 B		SS	HK	JENSEN/RODGER	1	9/26/97	10/1/97	DS	\$1.47
no show	LGA	MKE	B	PHQD6E	4 B		SS	HK	POTRZEBA/AMY	1	9/29/97	10/5/97	DS	\$1.47
no show	MKE	OMA	B	PHQD6E	4 B		SS	HK	POTRZEBA/AMY	1	9/29/97	10/5/97	DS	\$1.47
no show	LGA	MKE	B	Q33TKY	2 B		SS	HK	POTRZEBA/AMY	2	9/26/97	10/6/97	DS	\$2.93
no show	MKE	LGA	B	Q33TKY	9 B		SS	HK	POTRZEBA/AMY	2	9/26/97	10/6/97	DS	\$2.93
no show	MKE	OMA	B	Q33TKY	273 B		SS	HK	POTRZEBA/AMY	2	9/26/97	10/6/97	DS	\$2.93
no show	OMA	MKE	B	Q33TKY	276 B		SS	HK	POTRZEBA/AMY	2	9/26/97	10/6/97	DS	\$2.93
no show	LGA	MKE	B	Q376FG	2 B		SS	HK	PAUL/JAMES	2	9/26/97	10/7/97	DS	\$2.93
no show	MKE	LGA	B	Q376FG	9 B		SS	HK	PAUL/JAMES	2	9/26/97	10/7/97	DS	\$2.93
no show	MKE	OMA	B	Q376FG	273 B		SS	HK	PAUL/JAMES	2	9/26/97	10/7/97	DS	\$2.93
no show	OMA	MKE	B	Q376FG	276 B		SS	HK	PAUL/JAMES	2	9/26/97	10/7/97	DS	\$2.93
no show	LGA	MKE	B	Q3BNQI	2 B		SS	HK	PAUL/JAMES	2	9/26/97	10/8/97	DS	\$2.93
no show	MKE	LGA	B	Q3BNQI	9 B		SS	HK	PAUL/JAMES	2	9/26/97	10/8/97	DS	\$2.93
no show	MKE	OMA	B	Q3BNQI	273 B		SS	HK	PAUL/JAMES	2	9/26/97	10/8/97	DS	\$2.93
no show	OMA	MKE	B	Q3BNQI	276 B		SS	HK	PAUL/JAMES	2	9/26/97	10/8/97	DS	\$2.93
no show	LGA	MKE	B	QZD2RK	12 B		SS	HK	JENSEN/RODGER	1	9/9/97	9/11/97	DS	\$1.47
no show	MKE	OMA	B	QZD2RK	279 B		SS	HK	JENSEN/RODGER	1	9/9/97	9/11/97	DS	\$1.47
no show	LGA	MKE	B	R6WKTG	2 B		SS	HK	JENSEN/RODGER	1	9/11/97	9/12/97	DS	\$1.47
no show	MKE	OMA	B	R6WKTG	273 B		SS	HK	JENSEN/RODGER	1	9/11/97	9/12/97	DS	\$1.47
no show	LGA	MKE	B	RMDQII	12 B		SS	HK	JENSEN/RODGER	2	9/29/97	10/1/97	DS	\$2.93
no show	MKE	OMA	B	RMDQII	279 B		SS	HK	JENSEN/RODGER	2	9/29/97	10/1/97	DS	\$2.93
no show	MKE	OMA	B	RSKWVA	273 B		SS	HK	JENSEN/RODGER	1	9/11/97	9/12/97	DS	\$1.47
no show	LGA	MKE	B	SKQP8Q	1 B		SS	HK	WATANABE/TERRY	1	9/10/97	9/11/97	DS	\$1.47
no show	MKE	OMA	B	SKQP8Q	270 B		SS	HK	WATANABE/TERRY	1	9/10/97	9/11/97	DS	\$1.47
no show	OMA	MKE	B	SKXCGY	1 B		SS	HK	STEITZ/PAUL	1	9/15/97	9/23/97	DS	\$1.47

Agent ID	Board	Off Pt	Class	RLOC	Flight	B/C	Input Status	Status	Name	Pax	Trans Date	Tvl Date	Type	Cost
NO SHOW	OMA	MKE	B	SKXCGY	270	B	SS	HK	STEITZ/PAUL	1	9/15/97	9/23/97	DS	\$1.47
	LGA	MKE	B	V0D7M8	2	B	SS	HK	JENSEN/RODGER	1	9/11/97	9/12/97	DS	\$1.47
	MKE	OMA	B	V0D7M8	273	B	SS	HK	JENSEN/RODGER	1	9/11/97	9/12/97	DS	\$1.47
NO SHOW	MKE	LGA	B	V9ZF5W	9	B	SS	HK	WATANABE/TERRY	1	9/6/97	9/10/97	DS	\$1.47
	OMA	MKE	B	V9ZF5W	276	B	SS	HK	WATANABE/TERRY	1	9/6/97	9/10/97	DS	\$1.47
Subtotal for [REDACTED]:										51	\$74.72			

[REDACTED]	MKE	DFW	M	MKC2S4	302	B	SS	HK	DEMETER/MARTY	1	9/11/97	11/4/97	DS	\$1.47
	LGA	MKE	B	PLNWX0	6	B	SS	HK	CRIPPEN/DAN	1	9/24/97	10/1/97	DS	\$1.47
	MKE	DFW	M	QJ7DLK	302	B	SS	HK	DEMETER/MARTY	1	9/23/97	11/5/97	DS	\$1.47
	DFW	MKE	M	QR3FSI	307	B	SS	HK	DEMETER/MARTY	1	9/11/97	10/8/97	DS	\$1.47
	LGA	MKE	B	RNJQ4Y	12	B	SS	HK	CRIPPEN/DAN	1	9/29/97	10/1/97	DS	\$1.47
	DFW	MKE	M	RPCVVU	309	B	SS	HK	DEMETER/MARTY	1	9/29/97	10/8/97	DS	\$1.47
Subtotal for [REDACTED]:										6	\$8.79			

[REDACTED]	DCA	OMA	K	SL2BFI	59	B	NN	HK	ANDERSON/PAM	1	9/5/97	9/19/97	DS	\$1.47
	OMA	DCA	K	SL2BFI	52	B	NN	HK	ANDERSON/PAM	1	9/5/97	9/18/97	DS	\$1.47
	DCA	OMA	K	SMTQQY	59	B	NN	HK	ANDERSON/PAM	1	9/5/97	9/19/97	ST	\$1.20
	OMA	DCA	K	SMTQQY	52	B	NN	HK	ANDERSON/PAM	1	9/5/97	9/18/97	ST	\$1.20
Subtotal for [REDACTED]:										4	\$5.32			

[REDACTED]	LAX	OMA	V	N8G64Y	5	B	SS	HK	TISTHAMMER/SUSA	1	9/12/97	2/13/98	DS	\$1.47
	OMA	LAX	V	N8G64Y	40	B	SS	HK	TISTHAMMER/SUSA	1	9/12/97	2/2/98	DS	\$1.47
	LAX	OMA	V	RPPS3W	5	B	SS	HK	TISTHAMMER/SUSA	1	9/22/97	2/13/98	DS	\$1.47
	OMA	LAX	V	RPPS3W	40	B	NN	HK	TISTHAMMER/SUSA	1	9/22/97	2/2/98	DS	\$1.47

Agent ID	Board	Off Pt	Class	RLOC	Flight	B/C	Input Status	Status	Name	Pax	Trans Date	Tvl Date	Type	Cost
DFW	MKE	B	TXPRCK	305	B	SS	HK	CLEMENS/DAVID	1	9/23/97	10/2/97	DS	\$1.47	
MKE	ATW	B	TXPRCK	114	B	SS	HK	CLEMENS/DAVID	1	9/23/97	10/2/97	DS	\$1.47	
Subtotal for [REDACTED]										14				\$20.51
Inventory Spoilage														
ATL	MKE	L	SCBWCO	108	B	NN	HK	RIEDEL/ELIZABETH	1	9/8/97	10/20/97	DS	\$1.47	
MKE	ATL	L	SCBWCO	121	B	NN	HK	RIEDEL/ELIZABETH	1	9/8/97	10/17/97	DS	\$1.47	
MKE	OMA	L	SCBWCO	279	B	NN	HK	RIEDEL/ELIZABETH	1	9/8/97	10/20/97	DS	\$1.47	
OMA	MKE	L	SCBWCO	270	B	NN	HK	RIEDEL/ELIZABETH	1	9/8/97	10/17/97	DS	\$1.47	
ATL	MKE	L	SCLIDI	114	B	NN	HK	MACAITIS/MICHAEL	1	9/8/97	10/21/97	DS	\$1.47	
MKE	ATL	L	SCLIDI	121	B	NN	HK	MACAITIS/MICHAEL	1	9/8/97	10/17/97	DS	\$1.47	
MKE	OMA	L	SCLIDI	402	B	NN	HK	MACAITIS/MICHAEL	1	9/8/97	10/21/97	DS	\$1.47	
OMA	MKE	L	SCLIDI	270	B	NN	HK	MACAITIS/MICHAEL	1	9/8/97	10/17/97	DS	\$1.47	
ATL	MKE	L	T31GMM	108	B	NN	HK	RIEDEL/ELIZABETH	1	9/12/97	10/20/97	DS	\$1.47	
MKE	ATL	L	T31GMM	121	B	NN	HK	RIEDEL/ELIZABETH	1	9/12/97	10/17/97	DS	\$1.47	
MKE	OMA	L	T31GMM	279	B	NN	HK	RIEDEL/ELIZABETH	1	9/12/97	10/20/97	DS	\$1.47	
OMA	MKE	L	T31GMM	270	B	NN	HK	RIEDEL/ELIZABETH	1	9/12/97	10/17/97	DS	\$1.47	
ATL	MKE	L	T34C96	114	B	NN	HK	MACAITIS/MICHAEL	1	9/12/97	10/21/97	DS	\$1.47	
MKE	ATL	L	T34C96	121	B	NN	HK	MACAITIS/MICHAEL	1	9/12/97	10/17/97	DS	\$1.47	
MKE	OMA	L	T34C96	402	B	NN	HK	MACAITIS/MICHAEL	1	9/12/97	10/21/97	DS	\$1.47	
OMA	MKE	L	T34C96	270	B	NN	HK	MACAITIS/MICHAEL	1	9/12/97	10/17/97	DS	\$1.47	
Subtotal for [REDACTED]										16				\$23.44

Inventory Spoilage													
LGA	MCI	H	NCTJFC	2	B	SS	HK	TAYLOR/MICHAEL	1	9/1/97	9/3/97	DS	\$1.47
LGA	MCI	H	NCTJFC	81	B	SS	HK	TAYLOR/MICHAEL	1	9/3/97	9/3/97	DS	\$1.47
Subtotal for [REDACTED]									2				\$2.93

Agent ID	Board	Off Pt	Class	RLOC	Flight	B/C	Input Status	Status	Name	Pax	Trans Date	Tvl Date	Type	Cost
DSM	MKE	M	V8T5M6	1844	B	SS	HK	TERRY/DENNIS M	1	9/11/97	9/11/97	DS	DS	\$1.47
Subtotal for [REDACTED]										18	\$26.37			
[REDACTED]														
YYZ	MKE	Y	PQ8T9C	586	B	SS	HK	MCFARLIN/THOMAS	1	9/12/97	9/12/97	DS	DS	\$1.47
YYZ	MKE	Y	V9DSQC	586	B	SS	HK	MCFARLIN/THOMAS	1	9/11/97	9/11/97	DS	DS	\$1.47
Subtotal for [REDACTED]										2	\$2.93			
[REDACTED] <i>Dupe price</i>														
SAN	MKE	K	T402F8	901	B	SS	HK	HOWARD/DAN/A/B	3	9/29/97	11/25/97	DS	DS	\$4.40
SAN	MKE	K	T402F8	901	B	SS	HK	HOWARD/DAN/A/B	3	9/29/97	11/24/97	DS	DS	\$4.40
Subtotal for [REDACTED]										6	\$8.79			
[REDACTED]														
MKE	DSM	L	T0WD0A	1125	B	NN	HK	KUIKEN/LINDA	1	9/8/97	10/16/97	DS	DS	\$1.47
MKE	DSM	L	T2XMF8	1751	B	NN	HK	KUIKEN/LINDA	1	9/8/97	10/19/97	DS	DS	\$1.47
Subtotal for [REDACTED]										2	\$2.93			
[REDACTED]														
MKE	DFW	Y	MR1PKY	306	B	NN	HK	ECKENBERG/CHUCK	1	9/15/97	9/19/97	DS	DS	\$1.47
MKE	DFW	Y	PQ9TIU	306	B	SS	HK	ECKENBERG/CHUCK	1	9/11/97	9/19/97	DS	DS	\$1.47
Subtotal for [REDACTED]										2	\$2.93			
[REDACTED]														
MKE	CLE	L	SDX6T0	786	B	NN	HK	SKINNER/JODI	1	9/15/97	10/12/97	DS	DS	\$1.47
MKE	CLE	L	SF5KXK	186	B	NN	HK	SKINNER/JODI	1	9/15/97	10/9/97	DS	DS	\$1.47

**EXHIBIT 5**



16-Oct-97 Top 20 pressure

Apollo BIDDT -

July, 1997

Country	TA ID	Board Pt	Off Pt	Class	Flight	RLOC	Input Status	Status	B/C	Name	Pax	Trans Dat	Tvl Date	Type	Cost
US															
	OMA	DCA	V	52	P01K6	BK	XX	C	AGAN/JUSTIN	40	7/11/97	7/24/97	ST		\$10.80
	OMA	DCA	V	52	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/11/97	7/24/97	ST		\$40.00
	OMA	DCA	K	52	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/11/97	7/24/97	ST		\$40.00
	DCA	OMA	V	53	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/11/97	8/6/97	ST		\$40.00
	DCA	OMA	K	53	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/11/97	8/6/97	ST		\$40.00
	DCA	OMA	V	53	P01K6	BK	XX	C	AGAN/JUSTIN	40	7/11/97	8/6/97	ST		\$10.80
	OMA	DCA	V	58	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/10/97	7/24/97	ST		\$40.00
	OMA	DCA	V	58	P01K6	BK	XX	C	AGAN/JUSTIN	40	7/11/97	7/24/97	ST		\$10.80
	DCA	OMA	V	402	P01K6	BK	BK	B	AGAN/JUSTIN	40	7/10/97	8/6/97	ST		\$40.00
	DCA	OMA	V	402	P01K6	BK	XX	C	AGAN/JUSTIN	40	7/11/97	8/6/97	ST		\$10.80
	OMA	DCA	V	58	TDNP0	BK	XX	C	BAGLIEN/JAKE	39	7/11/97	7/11/97	ST		\$10.53
	OMA	DCA	K	58	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	7/11/97	ST		\$39.00
	OMA	DCA	V	58	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	7/11/97	ST		\$39.00
	OMA	DCA	K	58	TDNP0	BK	XX	C	BAGLIEN/JAKE	39	7/11/97	7/11/97	ST		\$10.53
	OMA	DCA	V	58	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	7/24/97	ST		\$39.00
	DCA	OMA	V	402	TDNP0	BK	XX	C	BAGLIEN/JAKE	39	7/11/97	7/21/97	ST		\$10.53
	DCA	OMA	V	402	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	7/21/97	ST		\$39.00
DCA	OMA	K	402	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	7/21/97	ST		\$39.00	
DCA	OMA	K	402	TDNP0	BK	XX	C	BAGLIEN/JAKE	39	7/11/97	7/21/97	ST		\$10.53	
DCA	OMA	V	402	TDNP0	BK	BK	B	BAGLIEN/JAKE	39	7/11/97	8/6/97	ST		\$39.00	

Country	TA ID	Board Pt	Off Pt	Class	Flight	RLOC	Input	Status	B/C	Name	Pax	Trans Dat	Tvl Date	Type	Cost
	LAX	OMA	OMA	K	5	RMK1	BK	BK	B	FRIED/RUTH	1	7/21/97	8/20/97	ST	\$1.00
	OMA	LAX	LAX	B	402	RMK1	BK	BK	B	FRIED/RUTH	1	7/21/97	8/11/97	ST	\$1.00
	MKE	OMA	OMA	M	4	TNXX	BK	BK	B	LORIMOR/MIKE	1	7/11/97	7/13/97	ST	\$1.00
	EWR	MKE	MKE	M	771	TNXX	BK	BK	B	LORIMOR/MIKE	1	7/11/97	7/13/97	ST	\$1.00
	OMA	DCA	DCA	V	58	V4GR4	BK	BK	B	METZ/JOHN	1	7/17/97	7/24/97	ST	\$1.00
	DCA	OMA	OMA	V	402	V4GR4	BK	BK	B	METZ/JOHN	1	7/17/97	8/6/97	ST	\$1.00
	OMA	DCA	DCA	Y	52	VD3KG	BK	BK	B	MEYER/JOANN	2	7/21/97	7/23/97	ST	\$2.00
	DCA	OMA	OMA	Y	59	VD3KG	BK	BK	B	MEYER/JOANN	2	7/21/97	7/28/97	ST	\$2.00
Subtotal for DOI											800				\$569.32

Subtotal for US : \$569.32

**GRAND TOTAL : 800 \$569.32**

## EXHIBIT 6

Off Pt	Class	RL/OC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
[REDACTED]											
2											
[REDACTED]											
MKE	B	DDP7AR	585 P		MK		VEENHUIS/JEFFRY.D	1	7/29/97	8/1/97	\$1.00
[REDACTED]											
1											
[REDACTED]											
DCA	MKE	B	7947JA	402 P	MK		BAILEY	9	7/1/97	8/13/97	\$9.00
DCA	MKE	B	7947JA	402 X		MK	BAILEY	9	7/25/97	8/13/97	\$2.43
DCA	MKE	B	794AGY	410 P	MK		BAILEY	9	7/1/97	8/13/97	\$9.00
DCA	MKE	B	794AGY	410 X		MK	BAILEY	1	7/25/97	8/13/97	\$0.27
MKE	DCA	B	794AGY	417 P	MK		BAILEY	9	7/1/97	8/15/97	\$9.00
MKE	DCA	B	7947JA	417 P	MK		BAILEY	9	7/1/97	8/15/97	\$9.00
MKE	DCA	B	7947JA	417 X		MK	BAILEY	9	7/25/97	8/15/97	\$2.43
MKE	DCA	B	794AGY	417 X		MK	BAILEY	1	7/25/97	8/15/97	\$0.27
MKE	MQT	B	794AGY	1231 P	MK		BAILEY	9	7/1/97	8/13/97	\$9.00
MKE	MQT	B	794AGY	1231 X		MK	BAILEY	1	7/25/97	8/13/97	\$0.27
MKE	MQT	B	7947JA	1233 P	MK		BAILEY	9	7/1/97	8/13/97	\$9.00
MKE	MQT	B	7947JA	1233 X		MK	BAILEY	9	7/25/97	8/13/97	\$2.43
MQT	MKE	B	794AGY	1234 P	MK		BAILEY	9	7/1/97	8/15/97	\$9.00
MQT	MKE	B	7947JA	1234 P	MK		BAILEY	9	7/1/97	8/15/97	\$9.00
MQT	MKE	B	7947JA	1234 X		MK	BAILEY	9	7/25/97	8/15/97	\$2.43
MQT	MKE	B	794AGY	1234 X		MK	BAILEY	1	7/25/97	8/15/97	\$0.27
Subtotal for [REDACTED]								112	Passive		\$82.80
Never even quoted											

## EXHIBIT 7

## Sabre Net BIDT Open Segments

August 1997

country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost	
CA															
		MKE	YYZ	Y	QZVEAH		0 B	DS	DS	GILLIES/MARGARE	2	8/18/97	8/30/97	\$5.50	
		Subtotal for										2			\$5.50
		YYZ	MKE	Y	RZVFYC		0 B	DS	DS	RINALDI/CARLO M	1	8/20/97	8/22/97	\$2.75	
	Subtotal for										1				\$2.75
		YYZ	MKE	Y	QQHWE		0 B	DS	DS	OGLE/TERRY MR	1	8/21/97	8/29/97	\$2.75	
		YYZ	MKE	Y	TCZSSG		0 B	DS	DS	OGLE/TERRY MR	1	8/22/97		\$2.75	
		Subtotal for										2			\$5.50
		Subtotal for CA :										5			\$13.75
QA															
		OMA	DCA	Y	TYVACL		0 B	DS	DS	AQIL/SAEED SMR	2	8/17/97	1/20/98	\$6.24	
		Subtotal for										2			\$6.24
	Subtotal for QA :										2				\$6.24

[REDACTED]  
MCI LGA Y SRQKLL 0 B DS DS MATASET/PETER S 1 8/13/97 8/15/97 \$2.75  
Subtotal for [REDACTED] 1 \$2.75

[REDACTED]  
MQT PHL Y SWVXON 0 B DS DS LEHRMAN/MATTHE 1 8/14/97 8/15/97 \$2.75  
Subtotal for [REDACTED] 1 \$2.75

[REDACTED]  
MKE DCA Y TTRMBO 0 B DS DS WEIR/HOWARD T\*0 1 8/28/97 9/19/97 \$2.75  
Subtotal for [REDACTED] 1 \$2.75

[REDACTED]  
CMH MKE Y SWUZNR 0 B DS DS HERTA/JANETTE 1 8/15/97 \$2.75  
Subtotal for [REDACTED] 1 \$2.75

[REDACTED]  
LAX MKE K SGXOYB 0 B DS DS NGO/VIEM THANH 1 8/16/97 12/18/97 \$2.75  
MKE GRR K SGXOYB 0 B DS DS NGO/VIEM THANH 1 8/16/97 12/18/97 \$2.75  
Subtotal for [REDACTED] 2 \$5.50

[REDACTED]  
LAX MKE Y TBYBLR 0 B DS DS AIKEN/ROBERT\*055 1 8/26/97 \$2.75  
MKE STL Y SRVVIE 0 B DS DS ARENT/LISA M\*0332 1 8/13/97 \$2.75

country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
		LGA	MKE	M	TKAXDY		0 B	DS	DS	BECKERDITE/LUKE	1	8/29/97	8/29/97	\$2.75
		MKE	BNA	Y	TEERIE		0 B	DS	DS	CADORIN/PAUL A	1	8/27/97	8/27/97	\$2.75
		MKE	BNA	Y	TFKGCM		0 B	DS	DS	CADORIN/PAUL A	1	8/28/97	8/28/97	\$2.75
		MKE	IND	Y	SSJFRP		0 B	DS	DS	CUBBIE/RODNEY	1	8/13/97	8/13/97	\$2.75
		MKE	LAX	Y	TBWNEZ		0 B	DS	DS	EWING/THOMAS M	1	8/26/97		\$2.75
		MKE	DFW	Y	SGYONY		0 B	DS	DS	FOLEY/MARK F MR	1	8/19/97		\$2.75
		MKE	OMA	Y	TBWEEN		0 B	DS	DS	GONZALEZ KNAVE	1	8/26/97		\$2.75
		OMA	MKE	Y	TBWEEN		0 B	DS	DS	GONZALEZ KNAVE	1	8/26/97		\$2.75
		SFO	MKE	Y	RIJXNB		0 B	DS	DS	LOBANOV/OLEG	1	8/11/97	8/11/97	\$2.75
		LAX	MKE	Y	RJBWII		0 B	DS	DS	MORELAND/MICHA	1	8/11/97	8/11/97	\$2.75
		MKE	BNA	Y	TVLKQE		0 B	DS	DS	PAPPAS/TIMOTHY C	1	8/25/97	8/25/97	\$2.75
		MKE	OMA	H	TVNFUK		0 B	DS	DS	PAPPAS/TIMOTHY C	1	8/25/97	8/25/97	\$2.75
		MCI	MKE	Y	TLPVBE		0 B	DS	DS	PENCE/THOMAS C	1	8/29/97	8/29/97	\$2.75
		LAX	MKE	B	TLQBPT		0 B	DS	DS	TOMASINI/DON	1	8/29/97	8/29/97	\$2.75
		MKE	LAX	B	TLQBPT		0 B	DS	DS	TOMASINI/DON	1	8/29/97	8/29/97	\$2.75
		GRR	MKE	Y	TAKBSH		0 B	DS	DS	ZIMMERMAN/WALT	1	8/26/97		\$2.75
		MKE	GRR	Y	TAKBSH		0 B	DS	DS	ZIMMERMAN/WALT	1	8/26/97		\$2.75
Subtotal for ███														



country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
	MKE	DCA	Y	RFFBPS	0 B	DS	DS	DS	DS	SCHNEIDER/LORI*0	1	8/7/97	2/1/98	\$2.75
	CVG	MKE	Y	QMPPYR	0 B	DS	DS	DS	DS	SHAPIRO/ROBERT D	1	8/25/97	3/1/98	\$2.75
	Subtotal for [REDACTED]										7			\$19.25
	[REDACTED]													
	MCI	BOS	Y	RFSGUB	0 B	DS	DS	DS	DS	ROCKEY/DAVE	1	8/12/97	8/14/97	\$2.75
	Subtotal for [REDACTED]										1			\$2.75
	[REDACTED]													
	CWA	MKE	Y	RMBFOH	0 B	DS	DS	DS	DS	MALLOY/PATRICIA	1	8/12/97		\$2.75
	MKE	CWA	Y	RMBFOH	0 B	DS	DS	DS	DS	MALLOY/PATRICIA	1	8/12/97		\$2.75
	Subtotal for [REDACTED]										2			\$5.50
	[REDACTED]													
	DFW	MKE	Y	RNRMXQ	0 B	DS	DS	DS	DS	VITTITOE/JOHN*I38	1	8/5/97		\$2.75
	MKE	DFW	Y	RNRMXQ	0 B	DS	DS	DS	DS	VITTITOE/JOHN*I38	1	8/5/97		\$2.75
	Subtotal for [REDACTED]										2			\$5.50
	[REDACTED]													
	MKE	NYC	Y	TGCNOH	0 B	DS	DS	DS	DS	DRESCHER/DAVE	1	8/22/97	9/22/97	\$2.75
	NYC	MKE	Y	TGCNOH	0 B	DS	DS	DS	DS	DRESCHER/DAVE	1	8/22/97	9/20/97	\$2.75
	MKE	NYC	Y	UQBKGV	0 B	DS	DS	DS	DS	EMMA/ED	1	8/22/97	9/22/97	\$2.75
	NYC	MKE	Y	UQBKGV	0 B	DS	DS	DS	DS	EMMA/ED	1	8/22/97	9/20/97	\$2.75
	MKE	NYC	Y	UQCRCT	0 B	DS	DS	DS	DS	REYNOLDS/KATHY	1	8/22/97	9/22/97	\$2.75
	NYC	MKE	Y	UQCRCT	0 B	DS	DS	DS	DS	REYNOLDS/KATHY	1	8/22/97	9/20/97	\$2.75

country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
	MKE	NYC	NYC	Y	TGCFKF		0 B	DS	DS	TOLENSKY/STEVE	1	8/22/97	9/22/97	\$2.75
	NYC	MKE	MKE	Y	TGCFKF		0 B	DS	DS	TOLENSKY/STEVE	1	8/22/97	9/20/97	\$2.75
	MKE	NYC	NYC	Y	UUQUW		0 B	DS	DS	WALLER/DEBORAH	1	8/22/97	9/22/97	\$2.75
	NYC	MKE	MKE	Y	UUQUW		0 B	DS	DS	WALLER/DEBORAH	1	8/22/97	9/20/97	\$2.75
	Subtotal for [REDACTED]										10			\$27.50
	[REDACTED]													
	OMA	DCA	Y		RWIZIL		0 B	DS	DS	THOMPSON/MICHE	1	8/22/97	8/29/97	\$2.75
	Subtotal for [REDACTED]										1			\$2.75
	[REDACTED]													
	MCI	MKE	B		QAPYTC		0 B	DS	DS	OKERLAND/BELLE	1	8/1/97		\$2.75
	MKE	GRR	B		QAPYTC		0 B	DS	DS	OKERLAND/BELLE	1	8/1/97		\$2.75
	Subtotal for [REDACTED]										2			\$5.50
	[REDACTED]													
	ATL	MKE	Y		SOWBVF		0 B	DS	DS	FERRARA/JOSEPH F	1	8/11/97	8/19/97	\$2.75
	Subtotal for [REDACTED]										1			\$2.75
	[REDACTED]													
	MKE	BNA	M		SVBPIP		0 B	DS	DS	GRUETTNER/PAUL J	1	8/14/97		\$2.75
	Subtotal for [REDACTED]										1			\$2.75
	[REDACTED]													
	MSN	DCA	Y		TYMQH		0 B	DS	DS	DAWNAY/IVO	1	8/26/97		\$2.75

country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
		Subtotal for [REDACTED]										1		\$2.75
		[REDACTED]												
	MCI	LGA	Y		RUHPYS		0 B	DS	DS	PATCH/ROBERT*50	1	8/11/97		\$2.75
		Subtotal for [REDACTED]										1		\$2.75
		[REDACTED]												
	MKE	BOS	Y		RUWSM		0 B	DS	DS	ZHENG/DONG HUI	1	8/5/97	8/13/97	\$2.75
		Subtotal for [REDACTED]										1		\$2.75
		[REDACTED]												
	LGA	MKE	Y		RGHXCN		0 B	DS	DS	MUELLER/ROBERT	1	8/1/97	8/1/97	\$2.75
	LGA	MKE	Y		RGHXCN		0 B	DS	DS	MUELLER/ROBERT	1	8/1/97	8/1/97	\$2.75
		Subtotal for [REDACTED]										2		\$5.50
		[REDACTED]												
	LAX	MKE	K		TBZHMR		0 B	DS	DS	PAN LIN/TSAN	1	8/18/97	6/8/98	\$2.75
	LAX	MKE	M		TGJDIJ		0 B	DS	DS	WU/MICHAEL	1	8/6/97		\$2.75
	LAX	MKE	K		TGJDIJ		0 B	DS	DS	WU/MICHAEL	1	8/6/97		\$2.75
	LAX	MKE	K		TFNGQG		0 B	DS	DS	WU/SHING SHI	1	8/6/97		\$2.75
		Subtotal for [REDACTED]										4		\$11.00
		[REDACTED]												
	MKE	DFW	Y		TALMLV		0 B	DS	DS	LEONE/FRANK	1	8/28/97	9/10/97	\$2.75

country	Agent	Board Pt	Off Pt	Class	RLOC	Flight	B/C	Status 2	Status 1	Name	Pax	Trans Date	Tvl Date	Cost
	Subtotal for ██████████ 1 \$2.75													
	██████████													
	MCI		BOS	K	SHBOTU		0 B	DS	DS	DOETZL/FRANK*O,	1	8/13/97	8/13/97	\$2.75
	MCI		BOS	K	SQUROB		0 B	DS	DS	DOETZL/FRANK*O,	1	8/13/97	8/13/97	\$2.75
	Subtotal for ██████████ 2 \$5.50													
	██████████													
	MCI		MKE	Y	URMSFT		0 B	DS	DS	STEVENSON/DARY	1	8/2/97	8/8/97	\$2.75
	Subtotal for ██████████ 1 \$2.75													
	██████████													
	WAS		MKE	Y	SERCDY		0 B	DS	DS	ADAMS/HAROLD*0	1	8/13/97		\$2.75
	Subtotal for ██████████ 1 \$2.75													
	██████████													
	SBN		MKE	Y	TFMWBP		0 B	DS	DS	GREBE/MICHAEL M	1	8/29/97	9/5/97	\$2.75
	SBN		MKE	Y	TFNZRW		0 B	DS	DS	RECHT/PHILLIP E*P	1	8/29/97	9/5/97	\$2.75
	Subtotal for ██████████ 2 \$5.50													
	██████████													
	MKE		LGA	Y	SMRLKP		0 B	DS	DS	MOORE/NANCY	2	8/4/97		\$5.50
	Subtotal for ██████████ 2 \$5.50													



EXHIBIT 8



## **American Express Travel**

### **Guidlines for Non-Preferred Airline Relationships**

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- No access to Amex offices for non-preferred carrier sales representatives
- No agent incentives (i.e. free tickets)
- No Agent familiarization trips
- No promotional activities (including attendance at outside activities) any time any where for non-preferred carriers

## EXHIBIT 9



Proposal for	Offered by US Airways, Inc. Authorized Sales Agent for Apollo Travel Services
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### ESTIMATED CONTRACT EFFECTIVE DATE AND DURATION

This proposal is for a ~~36 month agreement~~ with an estimated effective date of January 1, 1998. Apollo does offer a 36 month agreement with terms that are slightly higher, please inquire if you are interested in this type of a proposal.

### START UP PERIOD

For the first THREE (3) months of the new agreement, Apollo Travel Services will provide with a 100% discount off of your monthly lease for the installed equipment. See Pricing.

### HARDWARE/SOFTWARE

In conjunction with your new Agreement the following is your proposed equipment configuration:

#### MAIN OFFICE LOCATION

Equipment	Monthly Eq Cost	Price per Unit
1 ALC COMMUNICATION LINE	\$300.00	
1 Pentium Workstations at \$125 each	\$125.00	
1 286 GATEWAY/FILESERVER	\$ 40.00	
1 Apollo Document Printer	\$185.00	
1 TI 810 Printer	\$REMOVE	
1 Okidata Printer (\$25.00 monthly)	\$	
TOTAL MO EQUIPMENT CHARGE AT HOL :	\$ 650.00	

### INSTALLATION CHARGES

THE ESTIMATED COST OF UPGRADING YOUR AGENCY LOCATION AND REMOVING THE OLD EQUIPMENT WOULD BE \$ 1,000 AND THIS COST WOULD BE WAIVED.

APOLLO TRAVEL SERVICE IS ALSO GIVING \$2,000 IN EQUIPMENT ACTION CREDITS TO COVER A POSSIBLE MOVE OF LOCATION IN THE FUTURE. (CURRENT COST IS \$1,000 FOR A MOVE)

<b>PRICING</b>
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Our objective is to provide you with world class service, technology and support, designed to assist you in providing a quality service to your customers as well as gaining operational efficiencies.

The proposed equipment configuration has a total Monthly equipment charge at your location of: \$850.00.

To earn a 100% discount you need to produce only 60 booking segments for every \$100 of Monthly Equipment costs. This is known as your Target Booking Adjustment.

**EXAMPLE OF CALCULATION FOR BOOKING REQUIREMENT:**

$$\$850 \times 60 = 390 \text{ MONTHLY BOOKINGS REQUIRED FOR FREE EQ.}$$

Under the new contract, to obtain a 100% discount on the monthly lease, your agency's monthly required bookings/segments would be 390 (this is your *Target Booking Requirement*).

Apollo uses a rolling twelve month average when it calculates your monthly booking level. In addition, Apollo also uses a twelve month average of your Monthly Equipment Pricing. Your busy months will compensate for your slower months to assist in achieving your goal throughout the year. And as your agency grows and reaches the first twelve months, the old months drop off as the newer month is completed.....with the averaging of bookings calculated on the most current twelve months.

In the event you fall short during a month, you pay \$2.40 for every booking below your Target Booking Requirement. If one booking short, you pay \$2.40, not a percentage of your Monthly Equipment costs.

**HERE IS AN EXAMPLE OF A MONTHLY BILLING REVIEW:**

APOLLO MONTHLY TARGET BOOKING REQUIREMENT:	390
YOUR AGENCY MONTHLY BOOKING AVERAGE FOR 3 MONTHS IS:	200
AGENCY'S BOOKING SHORTFALL	190

YOUR 1 <sup>ST</sup> BILLING CALCULATED (190 x \$2.40 = )	\$458
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**MONTH 4 BILLING WOULD BE \$458 PLUS TAX. THIS AVERAGING AND BILLING PROCESS WOULD OCCUR EVERY MONTH.**

Another advantage of Apollo's pricing system is that as you grow you can add additional equipment at a low booking requirement. For example, if you were to add a Focalpoint Intelligent Workstation (Pentium) with a monthly rack rate of \$125.00 you would have to produce an additional 75 booking segments monthly to cover its cost [ie.  $\$125 \times 60 =$  (Additional bookings required = 75)].

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<b>HARDWARE/SOFTWARE</b>
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In conjunction with your renewal Agreement, you are eligible for our latest hardware, which consists of the *INTEL 133Mhz Pentium PCs and comes standard with a 3.5" 1.44 MB floppy disk drive, a 1.8GB Quantum hard drive, a Sony 16X CD-ROM drive, 1 MB Video RAM and 32 MB EDO RAM. The PC has two (9 pin) serial ports, one parallel port, and one mouse port, keyboard and a Microsoft compatible mouse. ATS reserves the right to substitute these components if necessary. The monitor installed with this set will be the Sampo 14 inch color Super VGA display monitor.*

Windows 95 software will be installed on all Apollo Focalpoint Workstations. The Millennium 3 intuitive graphical user interface (GUI) product will be deployed on the above hardware platform at no extra cost to Apollo Travel Agencies. Apollo also has introduced AgencyConnection and AgencyMail that will allow use of the Internet to make your agency more productive and profitable. If it is in your agency plans to be on the Internet with your own page, a TCP/IP communication line (\$475 monthly) would have to be installed in lieu of the ALC communication line (\$300 monthly) now in the current pricing proposal.

THE FOLLOWING PAGES WILL REVIEW THE PRICING AND HOW THE PRODUCTIVITY REQUIREMENT WILL WORK IN THIS PROPOSAL.